

**Iowa Department of Natural Resources
Natural Resource Commission**

ITEM

15

DECISION

TOPIC

Honey Creek Construction Management Assignment

The Natural Resources Commission's approval is requested to approve the Department's acknowledgement and acceptance of an assignment of the construction management agreement between the Department and Regency Hotel Management, LLC (Regency), dated March 9, 2006 (CM Agreement). If approved, Regency will assign its interests in the CM Agreement to its current subcontractor, TSP, Inc. (TSP), in that agreement. The CM Agreement requires the Department's approval for any such assignments.

Last spring, the Department, with Commission approval, selected Regency to manage both the construction and the ultimate operations of the Honey Creek Resort State Park (Resort). The Department opted to negotiate two contracts to allow the design, development and the construction to continue while the terms of the management agreement were completed. In August 2007, negotiations related to the management agreement ended when Regency did not accept the terms the Department had proposed, which were consistent with Regency's response to the request for proposals the Department had issued. With the Department and Regency no longer negotiating a Hotel Management Agreement, and Regency no longer having future interest in the Resort, the Department feels assigning the CM Agreement to TSP, the entity that has been providing the bulk of the construction management oversight to date, will provide a more direct relationship with TSP and will be simpler and preferable to managing through an entity that no longer has interest in the Resort.

More information regarding the details of the assignment will be available at the meeting.

Ken Herring, Administrator
Conservation and Recreation Division

October 11, 2007